

**ILLINOIS COMMERCE COMMISSION**

**DOCKET NO. 04-0294**

**SURREBUTTAL TESTIMONY**

**OF**

**FRANK A. STARBODY**

**Submitted on Behalf of**

**ILLINOIS POWER COMPANY**

**August 19, 2004**

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**SURREBUTTAL TESTIMONY OF FRANK A. STARBODY**

1     1.     Q.     Please state your name, business address and present position.

2           A.     My name is Frank A. Starbody. My business address is 500 South 27<sup>th</sup> Street,  
3                 Decatur, Illinois 62521. I am Vice President – Energy Supply & Customer  
4                 Management for Illinois Power Company (“Illinois Power” or “IP”).

5     2.     Q.     Have you previously submitted testimony in this docket?

6           A.     Yes, I previously submitted direct testimony identified as Applicants' Exhibit  
7                 12.0 and an accompanying exhibit identified as Applicants' Exhibit 12.1. I also  
8                 submitted rebuttal testimony identified as Revised Applicants' Exhibit 17.0.

9     3.     Q.     What is the subject matter of your surrebuttal testimony?

10          A.     I am responding to several statements in the rebuttal testimony of IIEC witness  
11                 Michael Gorman concerning Illinois Power's bundled service offerings. In  
12                 addition, I am updating certain information that was provided in my rebuttal  
13                 testimony.

14     4.     Q.     Mr. Gorman states that there are “onerous terms and conditions for taking IP's  
15                 bundled service” and refers specifically to a five-year mandatory commitment for  
16                 a customer choosing, or returning to, IP's Service Classification (“SC”) 24.  
17                 (Gorman Rebuttal, p. 16) Do you agree with his characterization?

18          A.     No. It is correct that the terms of SC 24 include a five-year contract commitment  
19                 for new customers. SC 24 offers large industrial customers discounted pricing  
20                 from IP's SC 21 but in order to take service under SC 24 and obtain the

21 discounted pricing, the customer must commit to a five-year contract and  
22 maintain a specified load factor as determined in accordance with the terms of SC  
23 24, thereby providing decreased risk and increased certainty for IP. However,  
24 Illinois Power has other bundled tariff offerings for nonresidential electric  
25 customers that do not require a five-year contractual commitment but rather  
26 generally require at most a one-year term for a customer switching to the bundled  
27 tariff from SC 110, IP's delivery services tariff. IP's generally-available bundled  
28 electric tariff offerings for nonresidential electric customers include SC 11, SC 19  
29 and SC 21 (the tariff applicable to a particular customer depends on the  
30 customer's electric load requirements). Illinois Power also has other bundled  
31 electric tariffs available to customers having particular characteristics, including  
32 SC 12 (grain drying service), SC 13 (unmetered service), SC 14 (service for  
33 religious facilities), SC 15 (service for grade schools and high schools) and SC 26  
34 (service for customers engaged in metal heating processes). Each of these tariffs  
35 requires a one-year term for a customer switching from another service  
36 classification (unless IP has been required to construct new distribution facilities  
37 to serve a customer taking service under SC 21 or SC 26, in which case a longer  
38 contract term is required; however, it is unlikely that construction of new  
39 distribution facilities would be necessary for a customer that is simply moving  
40 from delivery services on SC 110 to one of these bundled tariffs).

41 I would expect power supply offerings from third-party suppliers typically  
42 to require the retail customer to enter into a contract with a term of at least one  
43 year. Therefore, I do not believe that the contract term requirements for SC 11,

19 and 21 are any more “onerous” than the contract term requirements a customer would encounter from a third-party supplier.

In addition, IP’s bundled gas tariffs for nonresidential customers, SC 63, 64 and 65, require the customer to take service under the particular service classification for only 12 months before switching to another service classification. A nonresidential gas customer can take service on one of these tariffs (the service classification applicable to the customer depends on the customer’s gas load requirements) and purchase its gas supply from IP. The customer served on any of these three tariffs may also purchase some or all of its gas requirements from a third party supplier and obtain transportation service from Illinois Power under Rider OT.

5. Q. Mr. Gorman refers to the right to declare electric service offerings competitive after which, he states, customers are denied the opportunity to take the service. (Gorman Rebuttal, p. 16) Has Illinois Power sought to have any of its bundled tariff offerings for nonresidential customers declared competitive?

A. No, it has not. Further, Illinois Power has no current plans to seek to have any of its bundled tariffed services declared competitive. It is my understanding that in order to have a tariffed service declared competitive, the electric utility must file a petition with the Commission and must establish that certain criteria set forth in the Public Utilities Act are met.

6. Q. Do you have any update to the information you provided in Answer 3 of your revised rebuttal testimony in this case?

66           A.     Yes, subsequent to the rebuttal testimony date the bundled tariff contract on  
67                    which one of the IIEC members was taking service expired. The customer is now  
68                    taking service from IP on the delivery services tariff, SC 110, and Rider PPO.

69     7.     Q.     Does this conclude your prepared surrebuttal testimony?

70           A.     Yes, it does.